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TREASURY FOR IA (LUYEN TRAN, RACHEL JARPE)

NSC FOR RICHARD MILES, DAN FISK

STATE PASS TO USTR (EISSENSTAT/MELLE)

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SUBJECT: MEXICAN PRESIDENT ANNOUNCES STRATEGY TO COMBAT
POVERTY

¶11. (U) SUMMARY: President Felipe Calderon on April 28 announced a new strategy to tackle poverty and social inequalities in Mexico called "Vivir Mejor" ("To Live Better"). This strategy serves as an umbrella for coordinating and improving existing social programs. On the positive side, this strategy puts more emphasis on reaching out to the "very poor" who are not currently helped by existing programs. Apart from this point, the strategy mostly entails expanding and repackaging existing social programs. While Calderon's goal of eliminating food-based poverty over the medium term is laudable, it is a very ambitious goal given Mexico's low tax base and the fact that the 14.4 million people who live in extreme poverty are widely dispersed throughout a large country with poor transportation infrastructure and still-developing institutions. END SUMMARY.

¶12. (U) President Felipe Calderon on April 28 announced a new strategy to tackle poverty and social inequalities in Mexico called "Vivir Mejor" ("To Live Better"). This strategy will serve as an umbrella for coordinating and improving existing social programs. With "Vivir Mejor," the administration seeks to eliminate extreme poverty over the medium term and redouble efforts to alleviate urban poverty. (Note: Officials from Presidencia told Emboffs earlier this month that Calderon's goal is to eliminate food-based poverty in Mexico by 2030. Currently, 14.4 million Mexicans, 13.8% of the population, do not earn enough to meet basic nutritional needs. End Note.) Calderon said Vivir Mejor was created under the premise that the market cannot generate the conditions needed to bring people out of extreme poverty without some government assistance. He remarked that the strategy is not populist, paternalistic, or a form of charity since it was created to tackle the root causes of poverty, not just the effects of poverty.

¶13. (U) Vivir Mejor has four key points of action:

-- The creation of a program to feed those that live in the most marginalized parts of the country called "Food Program for Marginalized Areas." This program will cover Mexicans who live in areas so remote that they do not receive any aid

from the government, not even from Oportunidades, Mexico's principal anti-poverty program. In its first stage, this program will help 150,000 poor families.

-- Vivir Mejor aims to improve human capital by expanding the availability of medical services, educational opportunities, housing, and basic utilities such as water and electricity. Several existing programs, including Oportunidades and those that provide benefits to the elderly, will be strengthened. The government plans to guarantee medical treatment for all Mexicans under the age of 18 who have cancer or are HIV positive; improve the infrastructure of educational facilities; and increase the number of public works projects in remote communities.

-- The government will strengthen existing programs that protect the income and savings of families affected by natural disasters, accidents, and sickness.

-- The fourth action item is to link social and economic policies so both are more efficient.

14. (SBU) To accomplish these goals, Calderon said the government will have to maintain macroeconomic stability to achieve sustained economic growth while avoiding crises and high inflation. He added that it is essential for Mexico to invest in its people so they have opportunities for a better education and well-paying jobs. Calderon also stressed the need to develop job skills, increase the number of daycare centers so more women can join the labor force, and protect the environment since it is closely linked to human development.

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Comment

15. (SBU) Calderon is clearly trying to do a better job of marketing what his government is doing to combat poverty. The GOM is trying to sell Vivir Mejor as a new initiative -- when it is mostly an expansion and repackaging of existing programs. It offers little in terms of new efforts. For this reason, it is not surprising that some members of the Party of the Democratic Revolution and the Institutional Revolutionary Party have described it as a ploy for electoral purposes. If one separates this strategy from existing social programs, Vivir Mejor will only yield tangible benefits for Mexico's poor if the government -- the Secretariat of Social Development in particular -- follows up

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to make sure progress is being made on improving existing programs and if the GOM really makes an effort to improve conditions for Mexico's most marginalized households.

16. (SBU) While Calderon's goal of eliminated food-based poverty over the medium term is laudable, expanding social programs to reach over 14 million poor people that are geographically widely dispersed throughout a large country with poor transportation infrastructure and still-developing institutions would challenge any government. This challenge is particularly tough in Mexico, where tax evasion remains the favorite national sport after soccer. End Comment.

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